

Our manufacturing sector remains a critical part of our states' economy. In 1998, apparel, fabricated textiles and wood products alone accounted for over 415,000 jobs.⁴⁷⁵ But, the manufacturing sector is a particularly critical component of the rural economy, generating 3 of every 10 rural jobs,⁴⁷⁶ mostly in textiles, tobacco and furniture.

The agriculture sector also remains an important part of North Carolina's traditional economy, especially in rural counties. The agribusiness industry⁴⁷⁷ contributes \$46 billion a year to the state's economy.⁴⁷⁸ It is estimated that nearly one-fourth of North Carolina's Gross State Product and total jobs is related to agriculture, forestry, fiber, food processing or related industries.⁴⁷⁹ Clearly, this sector cannot be overlooked.

The state's recent performance trends, using the recommended performance measures, are summarized below.

Summary of Key Performance Trends

| Performance Indicator | Trend | Performance Highlights |
|------------------------|-------|---|
| Industrial transition | ↔ | In 1997, N.C.'s industrial transition ratio was 106.7% of the US ratio (97.3 for N.C. v. 90.4 for US) |
| Traded sector strength | ↓ | In 2000, N.C. was ranked 20 th in traded sector strength and 10 th in traded sector competitiveness |
| Manufacturing vitality | ↓ | Despite declines in manufacturing jobs, including sharp drops in textile and apparel jobs, N.C. ranked 4 th in 1998 in manufacturing employment as a percent of total employment |
| Agriculture vitality | ↔ | In 1997, despite restructuring and other challenges, N.C. ranked 4 th in the US in net farm income and 8 th in total agriculture cash receipts |

Measure 1: Industrial transition

North Carolina has experienced relatively modest industrial restructuring, at least as measured by layoff actions and displaced worker wages, but the worst is probably not over. From 1997 to 1999, North Carolina averaged 5.7 layoffs per 1,000 workers compared to 9.5 for the US.⁴⁸⁰ However, the North Carolina Board of Science and Technology has suggested that, because North Carolina industrialized later than many other states, it faces further restructuring and layoff activity.

Although our traditional sectors have incurred profound job losses, our emerging sectors have been able to absorb many of these losses. Displaced workers in North Carolina have been more likely to find work at better or equal pay than workers elsewhere. In 1997, for example, the ratio of average wages for major growth sectors to average wages for declining sectors was 97.3 in North Carolina compared to 90.4 in the US.⁴⁸¹ This means that displaced workers in North Carolina take a hit, but a lesser hit than displaced workers in other states.